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State Department review completed

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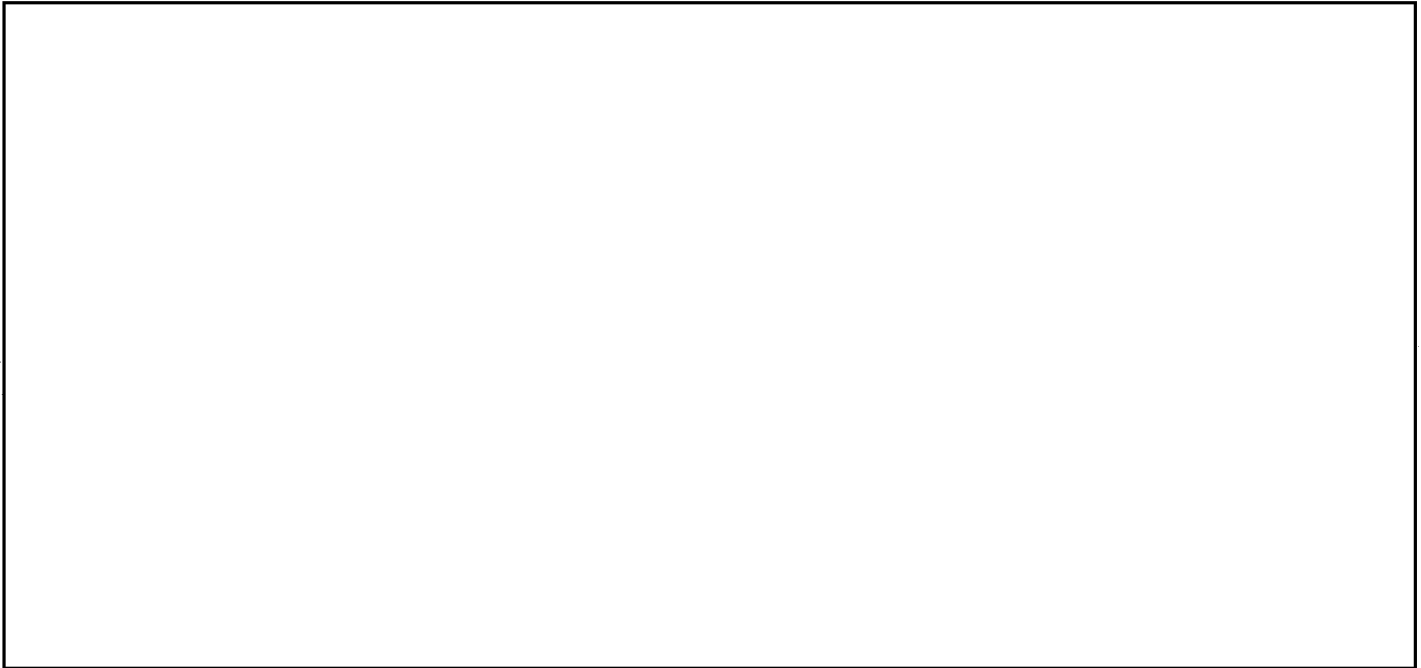
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EASTERN EUROPE

25X1A 2. Yugoslavia asks right to command any UN operations on its territory:



The Yugoslav Government has recommended a revision in the proposal for a UN agency (Executive Military Authority) to direct UN military operations in the event of future aggressions. Yugoslavia suggests that the victim of the aggression should appoint the Supreme Military Commander of all troops on its territory "unless otherwise agreed." Using Yugoslavia as an example, the Yugoslav UN delegate explained that in the event of aggression all foreign troops on Yugoslav soil would have to be under the command of a Yugoslav Commander even though the latter would be subordinate to a UN Command.

• Comment: As the US has conceived its function, the Executive Military Authority would act as a centralized general staff charged with full responsibility for the strategic direction and control of military operations and with coordinating the contributions of UN members.

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Although the Yugoslav view that the victim of aggression would participate in EMA consultations has been accepted, the Yugoslav delegate has heretofore registered no other serious objections to the plan, which is now nearing completion. The last minute Yugoslav objection suggests that Yugoslav leaders have only recently realized that their government might not be in complete control of UN military operations to resist aggression against its territory.

WESTERN EUROPE

25X1A³. US officials concerned over renewed Soviet campaign for German unity:

[REDACTED] US officials in Germany warn that the Soviet effort to deny West German support to Western policy objectives is probably moving into high gear. The tentative opinion of the US officials is that the

current Soviet-East German unity proposal, unless adroitly handled by the West, will cause more trouble than previous unity offers. They point out that the Western Allies will be handicapped in the contest for Germany if the USSR maintains the initiative on the unity issue or wins substantial segments of West German opinion to the view that integration with the West closes the door to unification except through civil war.

Comment: The East German unity offer, with its tacit implication that a united Germany could avoid participation in a new war, undoubtedly appears attractive to many West Germans. The current unity proposal is intended to capitalize on doubts of the benefits to be gained from participating in European defense.

25X1A⁴. Prospective aid to France inadequate for meeting US objectives:

[REDACTED] The ECA Mission to France is "firmly convinced" that the 170,000,000 dollars which now seem to be the limit of US economic aid to France for fiscal 1952 will not be adequate to maintain the level of

economic activity considered by the US to be essential for building Western defense. In view of grave inflationary pressures and the stringent financial situation, France may be obliged to cut back its military program if sufficient external resources are not forthcoming.

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Comment: On the basis of military plans formulated in May 1951, the French Finance Ministry estimated required economic aid for 1952 at 300,000,000 dollars. However, it soon judged that, with heavy NATO and Indo-Chinese commitments, governmental instability, and fiscal inefficiency, France would actually need between 400,000,000 and 500,000,000 dollars. Even before the House of Representatives acted on the foreign aid bill, French officials expressed their belief that defense plans would have to be cut back or spread over a longer period.

5. Comment on Pleven government's defeat on minimum wage bill:

The two-to-one defeat of the Pleven government on the first reading of an escalator-type minimum wage bill will probably lead to the posing of a question of confidence when the bill receives its second reading in November.

The government, which had just decreed a 15 percent increase in the minimum wage, is firmly opposed to this bill as voted because of a fear that it would be seriously inflationary, and thus would imperil economic stability and aggravate the rearmament burden. Growing inflationary pressures indicate that the measure would soon lead to another increase in the minimum wage, which in France directly results in a revision of the whole wage structure.

The government has shown a willingness to compromise, however, and there is still no reason to believe that the middle-of-the-road parties intend to allow a situation to arise which would enable De Gaulle to come to power on his own terms.